

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6643

BILL NUMBER: HB 1962

NOTE PREPARED: Dec 28, 2002

BILL AMENDED:

SUBJECT: Cumulative Building Fund for Police Purposes.

FIRST AUTHOR: Rep. Thompson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows a city or town to: (1) establish a jail or other detention facility cumulative fund; and (2) establish a property tax levy for the fund.

Effective Date: July 1, 2003.

Explanation of State Expenditures: Beginning in CY 2003, the state will pay homestead credits at the rate of 20% of net property tax on owner-occupied homes. The additional levy authority allowed by this proposal would obligate the state for additional homestead credits of up to \$530,000 in FY 2004, \$2.1 M in FY 2005, \$3.7 M in FY 2006, and \$ 4.7 M in FY 2007 and thereafter. Homestead credits are paid from the Property Tax Replacement Fund, which is annually supplemented by the state General Fund. Any additional homestead credit expenditures would ultimately come from the General Fund.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law townships, municipalities, and fire protection districts may establish a cumulative fund that may be used for building, modifying, and equipping a county jail or juvenile detention center. Marion County may also use its fund to purchase vehicles for the Sheriff's department. This bill would also allow municipalities to establish a cumulative fund to pay for a municipal jail or detention facility. In addition, cities and towns in Indianapolis could use their funds to purchase police cars.

The fund would be considered a cumulative capital development (CCD) fund. The rate caps for CCD funds are as follows: (All rates are per \$100 of assessed value)

For municipalities in counties that have not adopted either the CAGIT or COIT local option taxes:

1st Year - \$0.0133

2nd Year - \$0.0267

3rd Year and later - \$0.0400

For municipalities in counties that have adopted CAGIT or COIT:

1st Year - \$0.0167

2nd Year - \$0.0333

3rd Year and later - \$0.0500

On a statewide basis, the additional levy authority generated by this bill is estimated at \$18 M in CY 2004, \$36 M in CY 2005, and \$54 M in CY 2006 and thereafter. These estimates assume that all eligible units will impose the maximum rate allowed under the proposal. The actual fiscal impact would depend on local action.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Cities and Towns.

Information Sources: Local Government Database.

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